ATTACHMENT A

Below is the text of the proposed rule change. Proposed new language is underlined; deletions are bracketed.

010. GENERAL STANDARDS

016. Definitions

When used in the Capital Acquisition Broker Rules, unless the context otherwise requires:

(a)-(b) No change.

(c) "Capital Acquisition Broker"

(1) A "capital acquisition broker" is any broker that solely engages in any one or more of the following activities:

(A) – (E) No change.

(F) qualifying, identifying, soliciting, or acting as a placement agent or finder (i) on behalf of an issuer in connection with a sale of newly-issued, unregistered securities to institutional investors or (ii) on behalf of an issuer or a control person in connection with a change of control of a privately-held company. For purposes of this subparagraph, a "control person" is a person who has the power to direct the management or policies of a company through ownership of securities, by contract, or otherwise. Control will be presumed to exist if, before the transaction, the person has the right to vote or the power to sell or direct the sale of 25% or more of a class of voting securities or in the case of a partnership or limited liability company has the right to receive upon dissolution or has contributed 25% or more of the capital. For purposes of this subparagraph, a "privately-held company" is a company that does not have any class of securities registered, or required to be registered, with the Securities and Exchange Commission under Section 12 of the Exchange Act or with respect to which the company files, or is required to file, periodic information, documents, or reports under Section 15(d) of the Exchange Act; [and]

(G) effecting securities transactions solely in connection with the transfer of ownership and control of a privately-held company through the purchase, sale, exchange, issuance, repurchase, or redemption of, or a business combination involving, securities or assets of the company, to a buyer that will actively operate the company or the business conducted with the assets of the company, in accordance with the terms and conditions of an SEC rule, release, interpretation or

"no-action" letter that permits a person to engage in such activities without having to register as a broker or dealer pursuant to Section 15(b) of the Exchange Act[.];

(H) qualifying, identifying, soliciting, or acting as a placement agent or finder on behalf of an institutional investor that seeks to sell unregistered securities that it owns, provided that:

(i) the purchaser of such securities is an institutional investor;

(ii) the capital acquisition broker previously had provided services permitted under paragraphs (c)(1)(F) and (G) of this Rule to the issuer in connection with the initial sale of such securities; and

(iii) the sale of such securities qualifies for an exemption from registration under the Securities Act; and

(I) Acting as an "investment adviser" as defined in section 202(a)(11) of the Investment Advisers Act of 1940, as amended, provided that the advisory clients of the capital acquisition broker and its associated persons consist solely of institutional investors.

(2) No change.

(d) – (h) No change.

(i) "Institutional Investor"

The term "institutional investor" means any:

(1) – (5) No change.

(6) person meeting the definition of "qualified purchaser" as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940; [and]

(7) [any] person acting solely on behalf of any such institutional investor[.]; and

(8) knowledgeable employee.

(j) – (l) No change.

(m) "Knowledgeable Employee"

The term "knowledgeable employee" means:

(1) any "Knowledgeable Employee" as defined in Investment Company Act Rule 3c-5, where the capital acquisition broker has provided services permitted under Rule

016(c)(1)(F) and (G) on behalf of an issuer that is a Covered Company as defined in Investment Company Rule 3c-5;

(2) the president, any vice president in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions, director, trustee, general partner, advisory board member, or person serving in a similar capacity, of an issuer on behalf of which the capital acquisition broker has provided services permitted under Rule 016(c)(1)(F) and (G); and

(3) any company owned exclusively by knowledgeable employees.

300. SUPERVISION AND RESPONSIBILITIES RELATING TO ASSOCIATED PERSONS

321 Supervision of Associated Persons' Investments

(a) Any capital acquisition broker whose business model creates risks that an associated person of the capital acquisition broker or any related person may misuse material nonpublic information to purchase or sell securities must establish, maintain and enforce written policies and procedures that are reasonably designed to mitigate and prevent such risks.

(b) A capital acquisition broker that is subject to paragraph (a) of this Rule shall also be subject to FINRA Rules 3110(d) and 3210.

(c) Notwithstanding Rule 328, an associated person of a capital acquisition broker and any related person may purchase or sell securities that are not registered under the Securities Act of 1933, provided that the associated person shall provide prior written notice to the capital acquisition broker of any purchase or sale of unregistered securities that are for the benefit of the associated person or any related person.

Supplemental Material:

.01 Definition of "related person." For purposes of this Rule 321, "related person" shall include any of the individuals described in Supplemental Material .02 of FINRA Rule 3210.

500. SECURITIES OFFERINGS

511. Securities as Compensation.

A capital acquisition broker may receive compensation in the form of equity securities of a privately held issuer on behalf of which the capital acquisition broker provided services permitted under paragraphs (c)(1) of Rule 016, provided that the receipt, exercise or subsequent sale of such securities will not cause the capital acquisition broker to engage in any activity prohibited under Rule 016(c)(2).